

**Ethanol Promotion Tax Credit**

**This is not a motor fuel tax credit or refund form. It is an income tax form.  
Attach a copy to your Iowa individual or corporation income tax return.**

Name(s) of Individual(s), Corporation, Partnership, LLC, Estate, or Trust

SSN or FEIN

Tax Period Ending

**PART I – Determination of Biofuel Distribution Percentage and Biofuel Threshold Percentage Disparity**  
**Include all sales at all retail locations on this page.**

2010 GALLONS Beginning of tax year thru 12-31-10			2011 GALLONS 01-01-11 thru end of tax year		
A	B	C (A x B)	D	E	F (D x E)
1. E10 gallons sold .....	1. 10%		1. 10%		
2. E85 gallons sold .....	2. 79%		2. 79%		
3. Ethanol gallons other than E10 or E85 sold .....	3. %		3. %		
4. Non-ethanol gasoline gallons sold .....			4.		
5. Total gasoline gallons sold. ....			5.		
Add lines 1 through 4.					
6. Total gallons of biodiesel sold					
B2 gallons .....	a. 2%			2%	
B5 gallons .....	b. 5%			5%	
B10 gallons .....	c. 10%			10%	
B20 gallons .....	d. 20%			20%	
B__ gallons .....	e. %			%	
TOTAL. Add lines a through e. ....	6.		6.		
7. Add lines 1, 2, 3, and 6. ....	7.		7.		
8. Divide line 7 by line 5. ....	8. %		8. %		
(Biofuel distribution percentage)					
9. Biofuel threshold percentage .....	9. %		9. %		
<b>Fiscal year filers see instructions to annualize line 5.</b> If line 5 for 2010 is 200,000 gallons or less, enter 6%. If line 5 for 2010 is more than 200,000 gallons, enter 11%.			If line 5 for 2011 is 200,000 gallons or less, enter 10%. If line 5 for 2011 is more than 200,000 gallons, enter 12%.		
10. Subtract line 8 from line 9. If zero or less, enter zero. (Biofuel threshold percentage disparity) .....	10. %		10. %		

**If line 10 is 4.01% or more, you are not eligible for the credit.**

**PART II – Determination of Credit.** Complete this page of the form for each Iowa Retail Motor Fuel Site.

Name and Address of Iowa Retail Motor Fuel Site:

SSN or FEIN

Sales Tax Permit Number

2010 GALLONS Beginning of tax year thru 12-31-10			2011 GALLONS 01-01-11 thru end of tax year		
A	B	C (A x B)	D	E	F (D x E)
1. E10 gallons sold .....	1. 10%		1. 10%		
2. E85 gallons sold .....	2. 79%		2. 79%		
3. Ethanol gallons other than E10 or E85 sold .....	3. %		3. %		
4. Non-ethanol gasoline gallons sold .....					
5. Total gasoline gallons sold .....					
Add lines 1 through 4.					
6. Ethanol sold. Add lines 1, 2, and 3. ....					
7. Credit rate .....					
If line 10 of Part I = 0, enter .065 (six and one-half cents).			If line 10 of Part I = 0, enter .065 (six and one-half cents).		
If line 10 of Part I = 0.01% to 2.00%, enter .045 (four and one-half cents)			If line 10 of Part I = 0.01% to 2.00%, enter .045 (four and one-half cents)		
If line 10 of Part I = 2.01% to 4.00%, enter .025 (two and one-half cents)			If line 10 of Part I = 2.01% to 4.00%, enter .025 (two and one-half cents)		
8. Credit for ethanol sold. Multiply line 6 by line 7. ....	8. ....		8. ....		
9. Add lines 8A and 8D .....	9. ....				
10. Pass-through credit from partnership, limited liability company, S corporation, estate, or trust ....	10. ....				
11. Total Ethanol Promotion Credit. Add lines 9 and 10 from all completed Part II's for all retail motor fuel sites. Enter once on the IA 148 Tax Credits Schedule. ....	11. ....				

## 2010 IA 137 Instructions

Beginning January 1, 2009, an ethanol promotion tax credit is available to taxpayers who:

- are retail dealers of ethanol blended gasoline and
- who operate motor fuel pumps at an Iowa retail motor fuel site.

Tank wagons are considered retail motor fuel sites.

This credit replaces the Ethanol Blended Gasoline Tax Credit claimed on the IA 6478.

### **Part I: Determination of biofuel distribution percentage and biofuel threshold percentage disparity**

The calculation in Part I includes all gallons sold at all motor fuel sites in Iowa.

#### **Calendar-year filers**

If the taxpayer files a tax return on a calendar year basis, then only 2010 gallons need to be reported.

#### **Fiscal-year filers**

If a taxpayer files a tax return for a fiscal year that extends into 2011, the calculation must be performed separately for all gallons sold during 2010, and for all gallons sold from January 1, 2011, through the end of the taxpayer's fiscal year.

#### **Biofuel distribution percentage**

The biofuel distribution percentage is calculated by adding the total ethanol gallonage and the total biodiesel gallonage, and dividing this sum by the total gasoline gallonage.

#### **Total ethanol gallonage**

The total ethanol gallonage is the total number of pure ethanol gallons sold. This is computed on lines 1-3 by multiplying the ethanol blended gallons sold (column A/column D) by the appropriate ethanol content percentage (column B/column E). For example, 10,000 gallons of ethanol blended gasoline formulated with 10% by volume of ethanol results in an ethanol gallonage of 1,000.

The ethanol percentage used for E85 is 79%, which is an average of the amount of ethanol contained in E85 during warm and cold weather. If a blend other than E10 or E85 is sold, designate the ethanol gallons sold in line 3, column A or column D, the ethanol content percentage in line 3, column B or column E, and compute the ethanol gallonage in column C or column F. If more than one additional blend is sold, provide that information on a separate page and include in the total gallons sold on line 5, column A or column D, and the total biofuel gallons sold on line 7, column C or column F.

#### **Total biodiesel gallonage**

The total biodiesel gallonage is the total number of pure biodiesel gallons sold. This is computed on lines 6a-6e by multiplying the biodiesel blended fuel gallons sold (column A/column E) by the appropriate biodiesel content percentage (column B/column E). For example, 10,000 gallons of biodiesel blended fuel formulated with 2% by volume of biodiesel results in a biodiesel gallonage of 200.

If sales of biodiesel blended fuel are made for a blend other than those listed, designate the biodiesel gallons sold in line 6e, column A or column D, and the biodiesel content percentage in line 6e, column B or column E. If more than one additional blend is sold, provide that information on a separate page and include in the total biodiesel sold on line 6, column C or column F.

#### **Total gasoline gallonage**

The total gasoline gallonage computed in line 5, column A or column D, is the total number of gallons of gasoline sold; this does not include any biodiesel or diesel gallons sold.

#### **Biofuel distribution percentage**

Divide line 7, column C by line 5, column A for calendar year 2010 sales. Divide line 7, column F by line 5, column D for calendar year 2011 sales. Record the result to two decimal places, for example, 5.05%.

#### **Biofuel threshold percentage**

The tax credit rate applied under the Ethanol Promotion Tax Credit depends on whether the taxpayer attains the biofuel threshold percentage, which in turn is dependent on the number of total gasoline gallons sold at all retail motor fuel sites operated by the taxpayer during the calendar year. Taxpayers with total gasoline sales exceeding 200,000 gallons in a year face a higher biofuel percentage threshold than taxpayers with total gasoline sales of 200,000 gallons or less.

- The biofuel threshold percentage is 6% for taxpayers who sell 200,000 gallons or less during the 2010 calendar year.
- The biofuel threshold percentage is 10% for taxpayers who sell 200,000 gallons or less during the 2011 calendar year.
- The biofuel threshold percentage is 11% for taxpayers who sell more than 200,000 gallons during the 2010 calendar year.
- The biofuel threshold percentage is 12% for taxpayers who sell more than 200,000 gallons during the 2011 calendar year.

**For fiscal year filers, it is necessary to determine a biofuel threshold percentage for each calendar year in which the fiscal year falls.** In order to do this, the number of gasoline gallons sold during 2010 and 2011 must be annualized to determine whether 200,000 gallons of motor fuel are sold during the 2010 and 2011 calendar years for purposes of the biofuel percentage.

**For example,** a taxpayer with a fiscal year beginning May 1, 2010, and ending April 30, 2011, with sales of 100,000 gallons between May 1, 2010, and December 31, 2010, would have annualized 2010 sales of 150,000 gallons that would result in a 2010 biofuel threshold percentage of 6% (100,000 gallons / 8 months \*12 months = 150,000 annualized gallons). If the same taxpayer had sales of 70,000 gallons between January 1, 2011, and April 30, 2011, the 2011 annualized sales would be 210,000 gallons and the 2011 biofuel threshold percentage would be 12% (70,000 gallons / 4 months \*12 months = 210,000 annualized gallons).

**Biofuel threshold percentage disparity**

To determine the applicable Ethanol Promotion Tax Credit rate, the taxpayer subtracts the calculated biofuel distribution percentage on line 8, column A or column D from the proper biofuel threshold percentage on line 9, column A or column D. The taxpayer calculates a separate biofuel threshold percentage disparity for each calendar year for which sales are reported on the form. If line 8 exceeds line 9, enter zero. If line 9 exceeds line 8 by more than 4.01% for the calendar year, the taxpayer is not eligible to claim the credit on any ethanol sales for that calendar year.

**Part II: Determination of the credit**

The Ethanol Promotion Tax Credit must be calculated separately for each Iowa retail motor fuel site operated by the taxpayer by completing a separate Part II of the IA 137 for each site.

Provide the name and address of the retail motor fuel site including street, city, and zip code. Also provide the sales tax permit number, if applicable, for the retail motor fuel site.

The Ethanol Promotion Tax Credit for the retail motor fuel site is calculated by multiplying the retail dealer’s total ethanol gallonage at that site by the tax credit rate, which is dependent upon the taxpayer’s biofuel threshold percentage disparity calculated under Part I.

Report ethanol sales by blend for the retail motor fuel site. For fiscal year filers, split sales between calendar years. On lines 1-3, multiply the ethanol blended gallons sold (column A/column D) by the appropriate ethanol content percentage (column B/column E). The ethanol percentage used for E85 is 79%, which is an average of the amount of ethanol contained in E85 during warm and cold weather. If a blend other than E10 or E85 is sold, designate the ethanol gallons sold in line 3, column A or column D, the ethanol content percentage in line 3, column B or column E, and compute the ethanol gallonage in column C or column F. If more than one additional blend is sold, provide that information on a separate page and include in the total gallons sold on line 5, column A or column D, and the total ethanol gallons sold on line 6, column C or column F.

Enter the credit rate for which the taxpayer has qualified in line 7, column C or column F, where the correct rate is shown in the table below:

<b>Biofuel Threshold Percentage Disparity</b>	<b>Tax Credit Rate</b>
0% .....	6.5 cents
0.01% to 2.00% .....	4.5 cents
2.01% to 4.00% .....	2.5 cents
4.01% or more .....	0 cents

Note that the credit rate is the same across all retail motor fuel sites operated by the taxpayer.

Compute the credit for the retail motor fuel site on line 8 by multiplying the tax credit rate entered on line 7 by total ethanol gallonage in line 6 for each calendar year in which ethanol sales are reported.

Add the Ethanol Promotion Tax Credit computed for each calendar year, line 8, column A, and line 8, column D, for the motor fuel retail site and place in line 9.

If the taxpayer has received any pass-through Ethanol Promotion Tax Credit from a partnership, limited liability company, S corporation, or estate or trust, indicate that amount on line 10. For a taxpayer filing claims for multiple retail motor fuel sites, only list a pass-through claim on one Part II.

For taxpayers with only one retail motor fuel site, add lines 9 and 10 on Part II. This is the total Ethanol Promotion Tax Credit that should be reported on the IA 148 Tax Credits Schedule. For taxpayers with multiple retail motor fuel sites, add all lines 9 and 10 across completed Part II forms and place that number in line 11 of all forms. Enter that total once on the IA 148. Any tax credit in excess of the tax liability can be refunded.

The Ethanol Promotion Tax Credit can be claimed even if the taxpayer also claims the E85 Gasoline Promotion Tax Credit for the same ethanol gallons.